



Metro Nashville District Energy System (DES)

FY2006 and FY2007 Management Period Sales & Marketing Plan

Agreement Date:



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I. Summary

This proposal is for a continuation of sales, marketing and customer support services during the FY 2006 and FY 2007 Management Periods and as defined in Appendix 18 of the Amended and Restated Management Agreement (ARMA). The sales of available steam and chilled water capacity to new customers is a key to the continued financial health of the new DES and the return on Metro's investment. The sales effort is a joint responsibility of Metro, Metro's advisory team and the Contractor. This Agreement sets forth the available resources the Contractor will provide at the direction of Metro for the purpose of marketing excess DES capacity, although ultimate responsibility and authority for customer rate setting and contracting rests with Metro. To clarify the division of sales responsibilities and set forth a process for obtaining new customer contracts, the following protocol will be followed:

II. New Customer Marketing & Sales

1. The Sales Team will consist of Metro's Project Administrator, Harvey Gershman, and his assistants and engineers, both in-house and consultants, and the Contractor's Vice President of Operations, John Schaffer, sales manager, , and Contractor's sales and engineering team as applicable.
2. The Contractor's Vice President of Operations and Metro's Project Administrator will have lead responsibility for identifying and qualifying new customer prospects. Any individual with a lead on a prospect should inform these parties with any suggested approach to the prospective customer. The Contractor's Vice President of Operations will make the initial contact and pre-qualify all prospects with the Metro Project Administrator. Pre-qualification will include presenting DES and collecting the basic energy capacity needs, orientation for interconnection, overall schedule and level of interest by the prospective customer.
3. After a pre-qualification, the Contractor's representative and Metro's engineering representative will be tasked to work together to determine if a prospect is qualified and warrants spending additional resources to initiate the sales process. Metro's Director of Finance will need to authorize this and subsequent steps; the Metro Project Administrator will be responsible to request such authorization.
4. Once the determination and necessary approvals have been made to initiate the sales process, engineering support will be provided to the Contractor's representative who will lead the sales process.
 - Engineering support will determine possible interconnection methods, routings and perform hydraulic modeling adding the new customer to the EDS to show its impact on the DES.
 - The Contractor's sales manager and Metro engineer will also confirm the required contract demands for chilled water and steam for the new client.
 - The Contractor's representative will fill out a data sheet with the assumptions to use for the self-generation analysis. The guideline for the

initial analysis will be to make reasonable but conservative assumptions in the data to allow room for negotiation.

- A technical meeting will be held among the Contractor's representative, engineering team and the prospect to discuss the requirements for interconnection of the building with EDS. The final outcome of the meeting will be the determination of the Delivery Points, Return Points and supply and return Line of Demarcation for chilled water and steam, and the prospect's understanding of its responsibilities for metering connections within the building.
 - The Contractor's representative will obtain for the data sheet a Contractor interconnection fixed price to install Metro's interconnection piping. The Contractor's interconnection fixed price will be used in final pricing analysis.
 - Metro's engineer will then approve the data sheet that the Contractor's representative has completed. A copy of the data sheet will be sent to the Metro Project Administrator.
 - From the data sheet, The Contractor's representative will prepare a self-generation package for the prospective customer and send copies to Metro's project team. The Metro's Project Administrator will review and approve such analysis to assure that Metro financial objectives and Metro Council pricing policies are followed prior to any offer being made and/or finalized. The Metro Project Administrator will review the self-generation analysis with the Metro Director of Finance prior to final offers being made to new customers. The Metro Project Administrator will expeditiously inform the Contractor's representative of the approval of the analysis so that the sales process can proceed.
 - The Contractor's representative will then present to the prospect and negotiate with the prospective customer about pricing, within the guidelines approved by Metro Council. Before making any firm proposal, however, the Contractor's representative will get the Metro Project Administrator's approval. Any decisions requiring a policy change must be made by the Metro Project Administrator. Any and all the Contractor's correspondence, written or by email, will be copied to the Sales Team.
 - Upon firming up a deal with the prospect and Metro approval, Metro will prepare a draft contract and have it reviewed by Metro legal before submitting it to the prospect. Engineering support will develop and Metro's engineer will review and approve a set of 11" x 17" schematic drawings of the interconnection and metering piping to be included as part of the customer contract. The drawings will define as a minimum:
 - i. Line of Demarcation for Metro and the client, and Delivery Point and Return Point for both chilled water and steam.
 - ii. Capital expenditure and installation responsibility associated with the metering and piping.
 - iii. Necessary metering equipment size and required components with basic installation procedures.
5. The Contractor's sales manager and the Metro Project Administrator, or his/her designee, will take responsibility for getting the contract signed and processed. Metro and the Contractor will next proceed to finalize and execute a change

order to effectuate the implementation of the interconnection to the customer's premises.

6. In the event that a firm other than the Contractor's engineer is involved in the design of the mechanical systems within the new customer's building, the Contractor's representative will coordinate the requirements of the interconnection with that design firm, as well as with Metro's engineering consultant, and provide specifications for the equipment.

Following is a representative listing of new customer activities to be performed by the Contractor for Metro without charge by the Contractor:

- Communicate regularly with Metro and Metro DES Project Team regarding new customer activity,
- Provide monthly report to Metro Project Administrator of all New Customer activity,
- Target new prospective customers; targeting will be assisted by Contractor membership in organizations and review of publications:
 1. Organizations
 - Downtown Partnership membership
 - Civic Design Center membership
 - Chamber of Commerce membership
 - BOMA membership
 2. Publications
 - Dodge reports
 - Nashville Business Journal
 - The Tennessean
- Qualify new customer prospects,
- In FY2006, participate in a sales meeting with DES representatives to review prior sales efforts, this sales and marketing plan, and self-heating and cooling analysis used during the sales process, and other market factors important to understand in marketing DES new customers.

Following is a representative listing of new customer activities to be performed by the Contractor when requested by Metro:

- Engage with new qualified customer prospects via phone, written correspondence and meetings,
- Prepare and present proposals where applicable,
- Prepare and present self-generation heating and cooling analysis where applicable
- Work with Metro and Metro DES consultants on marketing and advertising initiatives,
- Public relations support that is requested and pre-approved by the Project Administrator,
- Update the DES blue brochure in FY05 and print copies for general informational purposes,

Following is the hourly pricing breakdown for Constellation to provide sales and marketing support as directed by Metro:

Direct Labor:	CES Employees *	\$/hour	Overhead	Profit
	:			
Sales & Marketing	Fox, D. Clark	\$150	n/a	n/a
Engineering 1	Sawyer	\$100	n/a	n/a
Engineering 2	Bergquist, Lorencz, Dash	\$125	n/a	n/a
Vice President of Operations	Schaffer	N/a	n/a	n/a
Project Management	G. Clark (post-Change Order 6b)	\$85	n/a	n/a
Administrative		\$50	n/a	n/a

Intended to show representative employees per labor classification. Subject to change based on timing and specific employee(s). Travel and expenses shall be reimbursable at cost.

Included in any invoice for additional services will be documentation showing labor activity, description of labor activity, and a summary of actual travel, marketing and advertising costs. Receipts for travel, marketing and advertising costs will be provided along with invoicing.

III. Existing Customers

Following is a representative listing of customer service activities to be performed by Constellation. Customer service is part of the Constellation's Fixed Operating Cost.

- Communicate regularly with Metro and Metro DES Project Team regarding customer service activity,
- Provide a monthly report to Metro Project Administrator of all customer service activity,
- Develop and execute an annual customer satisfaction survey that includes meeting with each customer to complete the satisfaction survey,
- Provide support to DES for customer service related issues such as Customer Contract questions and/or issues,
- Assist with customer communications by producing and publishing at least 2 newsletters in FY 06.



- Assist with customer communications through recommending enhancements and by providing updated content for the DES website. The DES website will continue to be managed and supported by Metro.

By signature below, the parties acknowledge and agree to Proposal.

Constellation Energy Projects & Services
Group

Metropolitan Government of
Nashville and Davidson County

John Schaffer
Vice President of Operations

Harvey Gershman
DES Project Administrator